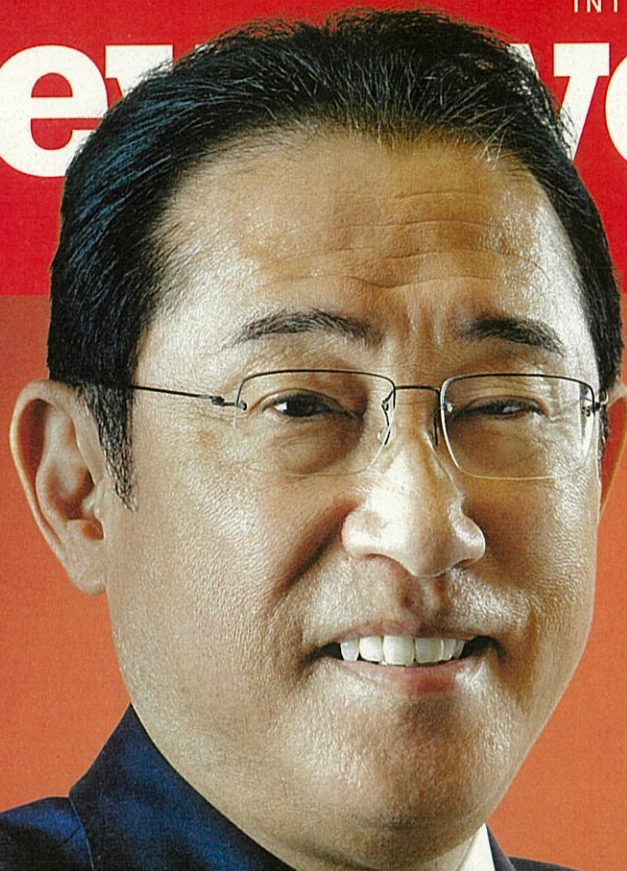


EXCLUSIVE INTERVIEW

INTERNATIONAL
New week



**Prime Minister
Fumio Kishida:
HOW
JAPAN WILL
CONTAIN THE
THREAT OF
CHINA
AND NORTH
KOREA**

**POWER
MOVE**

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Japan's Call to Arms

As the 'peace-loving nation' doubles its defense spending, Prime Minister Fumio Kishida explains why it needs to take an assertive stance to counter China and North Korea.

by TOM O'CONNOR

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World's Best Digital Health Companies 2024

Newsweek and partner Statista share the top of the industry providing telehealth, medical devices, health care records and more.

TRANSFORMING CARE Remote medical appointments are part of a burgeoning global digital health industry, which has a projected market volume of \$275 billion by 2028.

COVER Photograph by Haruo Motohashi for Newsweek





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by
**TOM
O'CONNOR**

Portrait by
**HARUO
MOTOHASHI**



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As the
'peace-loving
nation' doubles
its defense
spending,
Prime Minister
FUMIO KISHIDA
explains why
it needs to take
an assertive stance
to counter
China and
North Korea



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ORE THAN A DOZEN TIMES, Japanese Prime Minister Fumio Kishida uses the word “peace” as he discusses his country’s momentous decision to undertake its largest buildup of military capabilities since World War II.

“Since I became prime minister, we have substantially revised Japan’s National Security Strategy,” Kishida told *Newsweek* during an interview at his office in Tokyo on the heels of his first visit to Washington, D.C., as Japan’s leader for talks with President Joe Biden. “Now, in that strategy, of course, we will not change the steps we have been taking to date as a peace-loving nation.”



Japan faces a changing international order that is anything but peaceful, in either its own neighborhood or beyond. Under Kishida’s leadership since 2021, it has more assertively set out a policy of reinforcing its defense forces and of strengthening its alliances with the United States and other Western powers as it builds new partnerships with Asian countries that had sometimes been historically wary of its motives.

China is rapidly developing state-of-the-art military technology and seeking to assert its increasingly dominant regional position amid intensified global competition with the U.S. Its sporadic maritime confrontations with Japan over disputed East China Sea Islands are a sign of the bigger contest. North Korea, undeterred by international sanctions, seemingly achieves nuclear-capable missile milestones by the day while broadcasting fiery rhetoric toward its foes.

Meanwhile, Japan faces the repercussions of Russia’s war on Ukraine as it raises the prospect of a wider war with NATO in Europe and as Moscow also looks to the East, where it has a long-standing territorial dispute with Tokyo.

The sheer imbalance of military power surrounding Japan is displayed in one Japanese government document shared with *Newsweek*. Japan’s troops and aircraft are vastly outnumbered on all three fronts. Beijing and Moscow each command a naval fleet that outsizes that of Tokyo more than four times over.

“Military powers with high quality and quantity are concentrated in Japan’s surroundings, where clear trends such as further military buildup and an increase in military activities are observed,” the document states.

A Historic Turning Point

FOR KISHIDA, THE ANSWER IS A CALL TO ARMS, THE likes of which have not been seen in Japan since World War II ended nearly eight decades ago with the Japanese Empire’s defeat at the hands of the U.S. Kishida’s own family hails from Hiroshima, and he grew up hearing the horror stories of survivors of the world’s first atomic bombing, which helped end the war and established generations of U.S. preeminence.

Now, Kishida counts Washington as his most important ally amid what he calls “a historic turning point” for both Japan and the world at large. Japanese attitudes are unrecognizable from the expansionism that saw it conquer much of Asia and the Pacific and stun the U.S. with the Pearl Harbor



FROM LEFT: TOP, TOMOHIRO OHSUMI/GETTY; RICHARD A. BROOKS/AFP/GETTY; HARUO MOTOHASHI

attack in 1941, but the imperialist legacy remains a sensitive topic at home and abroad.

Kishida's offering at the controversial Yasukuni Shrine to Japan's 19th and 20th century war dead—among them World War II war criminals—on April 21 was protested not only by China, but also by fellow U.S. ally South Korea. For both countries it is a symbol of Japan's past and its record of occupation and atrocities. That legacy explained Japan's postwar aversion to rebuilding military strength. Kishida spoke frankly about why it is now engaged in a program that will mean a doubling of military spending over the next five years.

"I think we are facing the most challenging and complex security environment since the end of

World War II," said Kishida, whose conservative Liberal Democratic Party has dominated postwar politics. "In such a situation, we have to protect our people's lives and livelihoods."

Power, Hard and Soft

KISHIDA REPEATEDLY ASSERTS THAT JAPAN HAS demonstrated its aversion to aggression since the war but says it must continue to make efforts to explain its military resurgence. "We have to avoid any misunderstanding here," he said.

The region is distinctly wary of the trend, said Jingdong Yuan, senior researcher and director of the Stockholm International Peace Research Institute's China and Asia Security Program.

"It is important for Japan to demonstrate its commitment to using force only for defensive purposes, place its growing military capabilities within the broader alliance and minilateral security arrangements rather than in unilateral ways," he told *Newsweek*.

While Japan's policy shift was not the cause of armament in the region, it could help to speed that up if not drive an arms race, Yuan said.

As Japan seeks to win friends and build influence, it is also putting weight on economic development. Plans include a new \$30 billion investment framework for Africa and some \$75 billion devoted to an array of projects across Southeast Asia, including rail infrastructure, clean energy development and joint maritime security mechanisms.

When hosting the largely Western G7 in Hiroshima last year, Kishida made the point of inviting two representatives of the Association of Southeast Asian Nations, Indonesia and Vietnam.

While a recent survey by Singapore's ISEAS-Yusof Ishak Institute shows China has eclipsed the U.S. in terms of which superpower the ASEAN nations would choose if forced to align with one or the other, Japan was chosen as the region's most trusted nation, ahead of both the U.S. and China.

In a sign of Japan's readiness to strengthen ties in the region, Kishida participated in the first-ever trilateral meeting of its kind with Biden and Philippines President Ferdinand "Bongbong" Marcos. Earlier in the month, Kishida and Prabowo Subianto, president-elect of regional giant Indonesia, agreed to strengthen security and other cooperation.

China, North Korea and segments of South Korea's society remain suspicious of Japan—in the case of the



SHOW OF FORCE

Counterclockwise from top left: The Japan Ground Self-Defense Force; a Japan Maritime Self-Defense Force soldier; and Prime Minister Fumio Kishida.

former two because of its friendship with the U.S. as well as its past, said Ja Ian Chong of the National University of Singapore. But attitudes are different elsewhere in Taiwan and Southeast Asia, he said.

“They may be more eager to encourage greater Japanese participation in regional affairs, given a high degree of trust in Japan from decades of cooperation and view that Tokyo has a major role in supplementing regional stability,” he told *Newsweek*. “Japan will have to be careful not to unnecessarily increase friction with some of its Northeast Asian neighbors while defending its own interests and working with its partners.”

Kishida has done much to renew relations with South Korea since taking office. He has also said he could consider unprecedented face-to-face talks with North Korean Supreme Leader Kim Jong Un to ease rising tensions with the longtime foe, whose nuclear and missile development he calls a threat to Japan and the world. The possibility of such a meeting, Kishida said, was discussed in Washington and in ongoing consultations with Seoul.

“We are working toward resolving various issues and contemplating a holding of a summit meeting and we will continue to make efforts to enable this,” Kishida said. Talks also continue on a trilateral meeting between Japan, South Korea and China in May.

At a time that Kishida has accused Beijing of intensifying a “unilateral attempt to change the status quo” in the East China Sea, the site of disputed islands known as Senkaku or Diaoyu claimed by both China and Japan, he emphasized that, “we will assert what needs to be asserted, but we will value dialogues as well.”

The Abe Doctrine

KISHIDA’S PARALLEL EFFORTS ON DIPLOMATIC AND military fronts follow in part from his previous experience. He served as foreign minister and, briefly, as acting defense minister under the late, influential Prime Minister Shinzo Abe.

Abe, an avowed nationalist who became Japan’s longest-serving premier before being forced to resign in 2019 amid corruption scandals and reports of ill-health, was the first to oversee the major changes in Japan’s military mindset and developed the “Free and Open Indo-Pacific” concept which is now ubiquitous in U.S. strategy documents and a cornerstone of the Quadrilateral Security Dialogue, or Quad, consisting of Australia, India, Japan and the U.S.



STRENGTHENING TIES
Top to bottom: Kishida with U.S. President Joe Biden at the White House in January 2023; the Nikkei 225 index hit a 35-year record this year; and Kishida delivering a speech at the National Defense Academy of Japan’s graduation in March.

Kishida took office in 2021 following the resignation of Abe’s immediate successor, Yoshihide Suga, and is widely seen as continuing the legacy of Abe, whose 2022 assassination by a gunman with a grudge against him shocked Japan. “Japan is now sustaining and leading the liberal international order in Asia. It is in Japan’s interest and the interests of the region,” Nobukatsu Kanehara, who served as Abe’s assistant chief cabinet secretary and deputy national security adviser, told *Newsweek*.

“People are all equal and free and they have rights to pursue their own happiness. This individual freedom fits very much with Samurai spirits of the Japanese.”

Like Abe, who, in 2015, was the last Japanese premier to visit Washington, D.C., Kishida took the opportunity during his trip to address a joint session of Congress, making the case for forging an even closer alliance with the U.S. “I was able to gain broad support, applause and the opinions from Congressional members,” Kishida said.



“It is **IMPORTANT** for Japan to demonstrate its commitment to using force only for defensive purposes.”



Threats From Within

THERE IS LESS APPLAUSE AT HOME, WHERE KISHIDA faces a potential fight over party leadership. The LDP's hold on power is not challenged by weak opposition parties and no parliamentary election is required before 2025, but Kishida's approval rating of just 20 percent means he could be ousted at internal party elections, said Daniel Russel, a veteran U.S. diplomat who now serves as vice president for international security and diplomacy at the Asia Society, told *Newsweek*. "His immediate challenge is remaining in office beyond September," Russel said.

On the economic front, Japan has dropped below Germany's output for the first time since the 1960s to become only the world's fourth biggest

economy. A declining, aging population is a weight on an economy that has pivoted toward inflation after 30 years of deflation, often referred to as "the lost decades." Kishida said he sought to ignite what he called a "virtuous cycle" by promoting investment through tax-exempt initiatives such as the Nippon Individual Savings Account, promoting both price and wage increases and devoting trillions of yen toward "green development," or "GX," and "digital development," or "DX."

He said that digitalization and increased support for child-rearing families could help offset the demographic crisis. These initiatives are all part of what Kishida refers to as a "new form of capitalism" for which he counts some early successes: including the Nikkei 225 hitting a 35-year record this year.

Yet there is an even more controversial measure that Kishida must consider when it comes to Japan's future: immigration.

In need of labor to fuel Japan's economic growth, Kishida says the Diet, Japan's national legislature, is debating a bill to "create a new system to have motivated people from overseas work in Japan."

The archipelago nation's reluctance to open its borders dates back millennia. Japan fended off Mongol invaders from China in the 13th century and is one of just a handful of nations to have avoided European colonization. Today, Japan eagerly welcomes millions of visitors from around the world, including a growing number of foreign workers, but it remains one of the world's most homogeneous countries, with an estimated 98.5 percent of its population being ethnically Japanese.

"There are still some in Japanese society who are resistant to the idea of continuous, indefinite immigration of labor from overseas," Kishida said, distinguishing the current plans to import more foreign labor from a "full-fledged immigration concept."

Kishida voices confidence in the path Japan is taking under his leadership, but also warns that there can be no underestimation of the daunting social, economic, diplomatic and military challenges it faces.

"In terms of diplomacy as well as security, we are in a very uncertain situation. Therefore, diplomacy, the leader-level diplomacy shall be strengthened," Kishida said. "We need to have defense capabilities as to back up this diplomacy. So even in uncertain times, Japan can fulfill our role to achieve stability." ■



FROM LEFT: KEVIN DIETSCH/GETTY; KIYOSHI OTA/GETTY; YUICHI YAMAZAKI/AFP/GETTY



'WE ARE FACING THE MOST COMPLEX SECURITY ENVIRONMENT SINCE WORLD WAR II'

Japan's prime minister on security, diplomacy and protecting the rule of law at home, in Asia and around the world



by
**TOM
O'CONNOR**

Portrait by
**HARUO
MOTOHASHI**

SHORTLY AFTER RETURNING FROM HIS FIRST LEADERS-LEVEL VISIT TO Washington, D.C., Japanese Prime Minister Fumio Kishida sat down with *Newsweek* for an exclusive interview in his Tokyo office to discuss the main takeaways from his trip, as well as the historic changes he is overseeing in his nation's military, economic and diplomatic strategies.

Kishida, who took office in October 2021, is looking to fortify his country's long-standing alliance with the United States and expand regional ties. At the same time, Japan is undergoing its largest military buildup since World War II amid conflicts in Europe and the Middle East, and worsening tensions in the Asia-Pacific. Meanwhile, Kishida is also tasked with difficulties that beset Japan's economy.

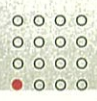
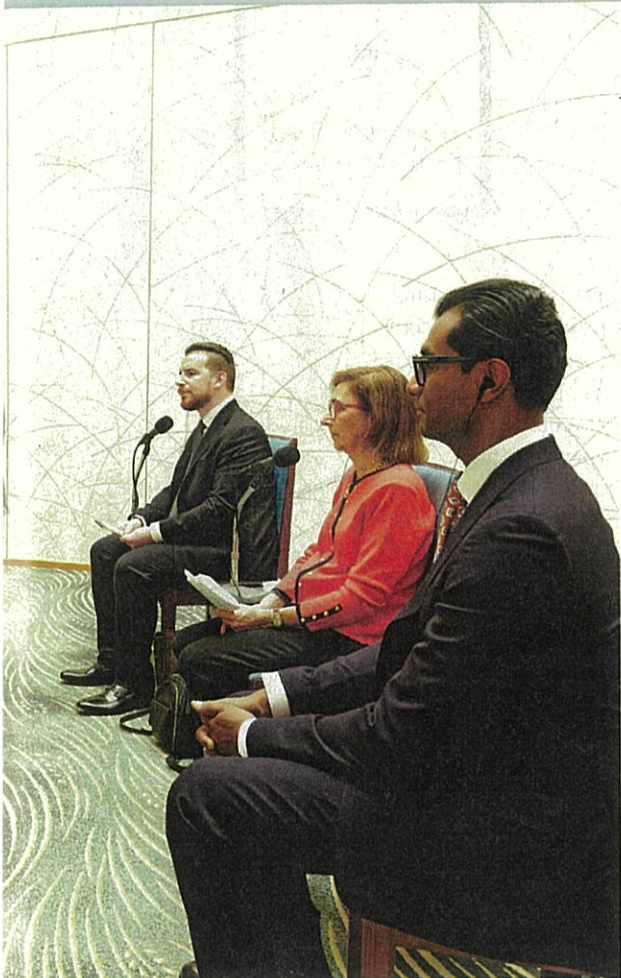
Throughout his 40-minute interview—lightly edited for space and clarity, below—with *Newsweek* President and CEO Dev Pragad, Global Editor in Chief Nancy Cooper and Deputy Foreign Policy Editor Tom O'Connor, Kishida spoke candidly about challenges his nation faces on multiple fronts, but he also expressed confidence that new initiatives being taken under his leadership would help Japan to navigate the deepening uncertainties that lie ahead.

NEWSWEEK: You've just recently returned from a trip to the United States, where you aimed to fortify the Japan-U.S. alliance in your meetings with President Joe Biden. What were your main takeaways from the visit and its achievements?

KISHIDA: Yes, this time around, as the Prime Minister of Japan, I went to the United States for the first state guest treatment in nine years. The international community is now at a historic turning point. Against this backdrop, once again, the U.S.-Japan relationship, the importance of that, is being pointed out and in such a situation I was able to visit the United States this time. Through this visit, we confirmed that in the uncertain international situation, Japan and the U.S. are very important global partners in upholding and strengthening a free and open international order based on the rule of law.

I believe that we confirmed a solid bond between Japan and the U.S. in the areas of security, economy and advanced science and technology, including space. That was one takeaway from that visit.

In addition, I also made a speech to the joint session of the United States Congress. I was given that opportunity and, on that occasion, I expressed



well as a growing role for Japan on the world stage. Where would you say are your leadership priorities and what are some of the top challenges you are addressing?

When I took office two-and-a-half years ago, at that time, we were still fighting against COVID-19. This was a global phenomenon. So, overcoming COVID was one major challenge at that time. About last year, we have been able to normalize the situation regarding COVID-19.

At the same time, as you have rightly mentioned, the economic issues are what I tackled. Security and diplomatic issues have been an important focus for me as well. I have been also dealing with child and child-rearing policies to address Japan's declining birthrate and the demographic issues.

With Russia's aggression into Ukraine, the energy crisis globally was a challenge for Japan as well. I have presented a major policy of broadly advancing Japan's energy policy without excluding any options, including nuclear energy. These are major policies that I have been undertaking as the Prime Minister.

Now, you asked me what is the top challenge for me, and today, it is the economy as well as diplomatic and security issues.

Over the last three decades in Japan, we have been struggling from a deflation economy where wages have not risen, prices have not risen and investment has not progressed. However, since I became prime minister, over the past two-and-a-half years I have been promoting a new form of

my thoughts on what kind of world we, Japan and the United States, as global partners, would like to hand over to next generations, going forward for the future, and also for that purpose, what kind of efforts Japan and the United States must make together. As a result, the future-oriented message I conveyed was able to gain broad support, applause and the opinions from the Congressional members. Therefore, this was a very meaningful speech in my view.

Now, in addition to that, during this visit to the United States, I went to North Carolina. In terms of the relationship between Japan and the United States, it is not only at the leaders or the government level, but, when it comes to local economy, we do have a very broad-ranging support from various people. That means that the Japan-U.S. relationship is supported by a very broad base of people from a wide range of fields. That was actually what I felt in a tangible way. So, all in all, I think that was a very meaningful and fruitful visit.

Since being elected as prime minister in Japan in 2021, you've overseen a vast array of reforms, especially in the economic and defense spheres, as

HISTORIC CHANGES
Kishida with *Newsweek's* Tom O'Connor, Nancy Cooper and Dev Pragad; and below, Tokyo voting on Japan's new leader in October 2021.



FROM LEFT: HARUO MOTOHASHI; THE ASAHI SHIMBUN/GETTY

capitalism, creating a virtuous cycle of growth and distribution that would be triggered by wage hikes, which would in turn increase consumption and motivate companies to make further investments and raise wages. And as a result, for the first time in 30 years, the Japanese economy is now showing positive signs. For example, we are seeing wage increases as well as significant increases in private investment. And the stock market has recorded record highs. These positive signs are emerging in the Japanese economy. I hope that we will be able to secure this trend, completely exit from deflation and bring Japan to a new stage of growth-oriented economy.

At the same time, in terms of diplomacy as well as security, we are in a very uncertain situation. Therefore, leader-level diplomacy shall be strengthened. We need to have defense capabilities to back up this diplomacy. So even in uncertain times, Japan can fulfill our role to achieve stability.

Speaking of those defensive capabilities, Japan has undergone extensive reforms in this sector. Why would you say these reforms are necessary for Japan at this stage and what are the leading threats that you believe these reforms seek to address?

Yes, first of all, with regard to the security environment of Japan, if we look around, there is a country which is developing nuclear and missiles capabilities and also a country which is expanding military capabilities in an untransparent manner. Also in the South China and East China Sea, we are seeing unilateral attempts to change the status quo by force. That is the situation.

So, in view of such a situation, I think we are facing the most challenging and complex security environment since the end of World War II. In such a situation, we have to protect our people's lives and livelihoods. Since I became prime minister, we have substantially revised Japan's National Security Strategy.

Now, in that strategy, of course, we will not change the steps we have been taking to date as a peace-loving nation.

However, in view of this challenging and dire security environment situation, first of all, for Japan, we have to create a favorable environment for that purpose. Diplomacy and summit-level diplomacy have to be steadfastly promoted. While clarifying our basic standpoint, we also made it clear that we,

in order to bolster the footing of diplomacy, must also strengthen the defense capability to protect our own nation. And for that purpose, Japan made clear its policy of achieving a defense budget of 2 percent of GDP, and its efforts to possess counterstrike capabilities and to improve our cybersecurity.

In addition, we strengthen the defense posture of the southwestern region of Japan. In this way, as clarified in the strategy that I mentioned earlier, toward strengthening defense capabilities, we are taking initiatives. So, step by step steadfastly, we would like to implement those measures.

The international situation is becoming more complex. Any one country cannot defend itself on its own. Therefore, in the case of Japan, in order to protect the lives and livelihoods of our nation and our people, I want to assume and fulfill our own responsibility. However, in addition to that, with the United States, our ally, and like-minded countries, and also the Global South, we would like to coordinate with all those countries through our foreign policy in order to improve the deterrence and response capabilities in this region. That is a very important initiative.



“Japan and the U.S. are very important glob



FROM LEFT: RICHARD ATRERO DE GUZMAN/NURPHOTO/GETTY; SOUTH KOREAN DEFENSE MINISTRY/GETTY IMAGES



partners in **UPHOLDING** and **STRENGTHENING** a free and open international order.”



SECURITY CHALLENGES

Kishida wants Japan's military, left, to remain defense-orientated, and to work with the likes of South Korea, above, to deal with North Korea.



Prior to becoming Prime Minister, you had served as foreign minister and briefly as acting defense minister as well. How do you balance the Japanese defensive and diplomatic needs, particularly in the face of some regional countries who may be hesitant to accept a larger role for Japan in security given the complex history behind it?

Now, as I mentioned earlier, the National Security Strategy has been revised and, up to now, as a peace-loving nation, our trajectory will remain unchanged. We are an exclusively defense-oriented policy-emphasizing country and the three non-nuclear principles will be maintained. There is no change in the fundamental policy. That has been clearly stated in our new strategy.

Following that strategy, the favorable international environment for Japan must be realized

through diplomacy. The most important fundamental principle in this endeavor is to realize a free and open international order based on the rule of law.

No attempt to change the status quo by force should be tolerated anywhere in the world. Furthermore, these rules and international laws are there, I believe, to protect vulnerable countries. So, we stress the importance of maintaining order following international rule to Southeast Asia and many countries, including those so-called the Global South.

We are receiving support from many nations regarding our stance. We should maintain the international order based on rule of law. We should bring neither conflict nor division, but cooperation in the international community. These are the messages I consider most important to work on, first and foremost.

And in order to endorse these initiatives, it is necessary to strengthen defense capabilities, which I mentioned before. Such basic thinking of Japan shall be thoroughly explained to the international community, especially to the East Asian countries. By providing such explanation, Southeast Asian countries and other countries, in turn, provided support for Japan's National Security Strategy. We will continue to seek such support to implement the diplomatic as well as security policies of Japan. That is the balance between diplomacy and security.

Now that Japan is ready to accept this larger role in security, do you believe the region is also ready to accept Japan's new role?

Yes, we do our best toward realizing the peace and stability of the region and also a free and open Indo-Pacific. Having said that, we have to avoid any misunderstanding here. Japan is not saying that we want to achieve this through military prowess. Rather, Japan, as a peace-loving nation, hopes to realize this by utilizing the economy and various other infrastructure support measures and also soft power such as culture and sports. I said that our trajectory as a peace-loving nation will remain unchanged. In addition to that, we have a peaceful constitution. So based on that constitution, and also based on international laws and domestic laws, we are going to carry our diplomacy and security efforts. It is also important to explain this basic stance to the region, and I think this stance is understood in the region.

And I think we are gaining understanding and support for this, particularly after World War II. In 1945, we were defeated in the war. Since that time, up until today, as a peace-loving nation, we have accumulated a track record, we have a good result and during this period, any country in the world thinks that Japan has been making tremendous efforts as a peace-loving country and they have been observing that and they appreciate our efforts in this way.

So, as a peace-loving nation, we have achieved results in this way. For many years, we have to maintain that, we have to build on that. That's important.

A security challenge often identified by Japanese officials is that of North Korea, which has continued to test sophisticated missile systems. Reports recently emerged that you would be willing to meet with Supreme Leader Kim Jong Un. Is this a



DIPLOMATIC ROLE

Clockwise from below: Japan is holding consultations to meet with North Korea's Kim Jong Un; Biden (center) with Philippine President Marcos (left) and Kishida (second from right); and Taiwanese military drills.

possibility? And what do you believe is the best way to handle North Korea if sanctions do not appear to be working?

Regarding North Korea, its nuclear and missile development is a threat not only to Japan, but also to the peace and security of the international community. I believe that the relevant U.N. Security Council resolutions stipulating the denuclearization of North Korea should be implemented completely.

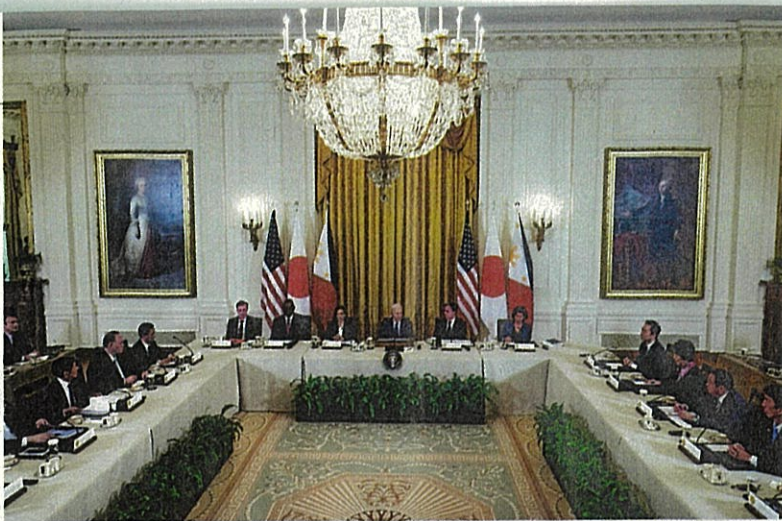
In this regard, on the 28th of last month [March], it is with great regret that the U.N. Security Council Draft Resolution regarding the implementation regime of sanctions against North Korea was put forth but rejected by Russia's veto.

On the part of Japan, we will consider further measures for the full implementation of relevant Security Council resolutions, working closely more than ever with the United States and South Korea and other like-minded countries.

At the last meeting with President Biden, we also discussed the situation in North Korea, including



FROM LEFT: AP/GAMMA-RAPHO/GETTY; TOP, AL DRAGO/BLOOMBERG/GETTY; CENG SHOU YI/NURPHOTO/GETTY



supervision will be promoted with a view to holding a summit meeting going forward. I look forward to making progress on these consultations.

I'm sorry, to clarify, would you be willing to meet with Kim Jong Un?

Well, we are now conducting various consultations behind the scenes, but unfortunately I cannot give details on the progress here so far at this point in time. But we will continue to make efforts to enable to hold a summit meeting toward resolving the outstanding issues of concern with North Korea. In this regard, I exchanged views with President Biden, based on the common understanding between Japan and the U.S. that the path to dialogue with North Korea is open. We would like to continue to explore paths for dialogue with North Korea as I just mentioned, while communicating with the countries concerned, including South Korea.

China has long been identified as a leading national security concern for Japan in part due to the existing territorial disputes and the rapid military rise of the People's Republic. Has this concern associ-

“The path to **DIALOGUE** with North Korea is open.

We would like to continue to **EXPLORE** paths for dialogue with North Korea.”

its nuclear and missile development. At that time, we agreed to work together more closely under the current situation of grave concern, and we also had frank exchange of views, based on our common understanding that the path to dialogue with North Korea is open. We also agreed to continue to work more closely between Japan and the U.S., and Japan, the U.S. and South Korea to address the situation in close cooperation. We have agreed to this direction.

The establishment of productive relations between Japan and North Korea is in the interest of both Japan and North Korea and will greatly contribute to regional peace and stability. Therefore, under my direction, in order to resolve the outstanding issues of concern with North Korea, high-level consultations under my direct

ated with China grown, you'd say, since you've taken office and in what areas do you believe that Japan has to be particularly vigilant?

First of all, in the East China Sea, unilateral attempts to change the status quo are being intensified. And this is something of a grave concern for us. Japan will assert to China what needs to be asserted, and respond calmly and resolutely to the situation with the determination to resolutely defend Japan's territory as well as territorial waters and airspace.

Now, while Japan and China share diverse possibilities, we also have many challenges and concerns. China is our neighboring country. So, this is the situation we face with this neighboring country. We will assert what needs to be asserted, but we will value dialogues as well. And wherever we can

cooperate for common challenges, we will cooperate. So, in this way, a constructive and stable relationship should be realized through mutual effort.

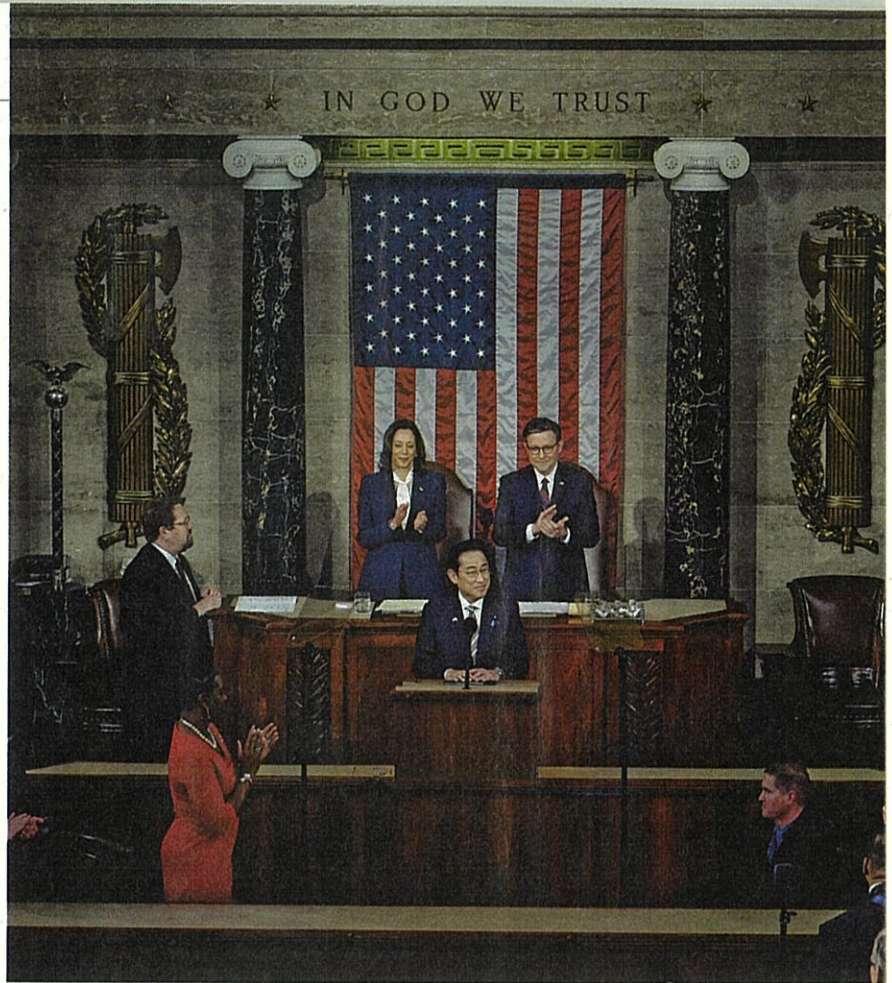
I believe that both Japan and China are countries that have great responsibility for the peace and prosperity of the region and the international community. It is my consistent policy to make our bilateral relationship constructive and sustainable. We will continue to pursue comprehensively a "mutually beneficial relationship," and I believe that we must engage in a significant amount of communication with China to realize the kind of relationship I have just described.

We've seen some tense moments in U.S.-China relations since you've taken office, particularly as they relate to the question of Taiwan. Japanese officials have been speaking more about Japan's potential role in the event of a Taiwan contingency. Have you made a decision as to what Japan's role may be in the event of an actual conflict over Taiwan in the region?

Regarding Taiwan, now, I refrain from answering the hypothetical question of a Taiwan contingency. But I will say that the peace and stability in the Taiwan Strait are important not only for Japan's security, but also for the stability of the international community.

It has been and continues to be Japan's consistent position that we hope the issues surrounding Taiwan will be resolved peacefully through dialogue. During my recent visit to the United States, I stressed with President Biden the importance of peace and stability across the Taiwan Strait, and we confirmed that we would encourage a peaceful resolution of the cross-strait issues.

In this regard, it is important to convey this point directly to China. We just had a summit meeting among the U.S., Philippines and Japan for the first time. It is important to clearly convey the position



I have just mentioned, in cooperation with the Philippines and other like-minded countries.

On the part of Japan, we will continue to closely monitor the developments of the cross-strait relations and make diplomatic efforts. This is the basic stance of Japan.

The Japanese economy's recent recession pulled Japan below Germany and out of the top three for the first time since the 1960s. Is this a short-term problem? And how do you address demographic trends that are dragging down the economy?

Yes, as you pointed out, in terms of dollars, in 2023, Germany's nominal GDP exceeded that of Japan. Whether that is short term or long term, that is the question. The exchange rates fluctuation and also

FORGING ALLIANCES

Kishida is applauded while addressing a joint meeting of Congress in the House of Representatives on April 11 in Washington, D.C.



“Both JAPAN and CHINA are countries that have great responsibility for the peace and PROSPERITY of the region and the international community”



prices increasing faster in Germany than Japan, I think these recent trends are the major reasons for the situation you have described.

However, in the long run, as I said earlier, Japan has been in the “cost-cutting type of economy” that has cut investment and the wages for the past 30 years. It has been in a “shrink-oriented” economy, so stagnation has lingered in this way.

However, finally, we are seeing some bright signs, and as such bright spots in the Japanese economy are witnessed and if such a virtuous cycle of economy is sustained, then toward the next year, the Japanese economy once again will regain power, vitality. I think that is possible.

Having said that, on the other hand, in Japan, the declining birthrate and aging population is progressing. The population decline is something we have to address and that is an important matter when you consider long-term impact on the economy. It is also important to create an environment that enables the younger generations who want to have children to have and raise children by continuing to implement child and child-rearing policies.

At the same time, it will be a major point to see if we can create a country that can adapt to a declining population by promoting digitalization and other efficiency measures that will enable it to cope with a declining population and streamline Japanese society, especially its administrative and financial organizations.

So, if the Japanese economy revives, and it can respond to population decrease, then for the future, the Japanese economy will be able to move forward in a robust way. So that is what I want to achieve, and that is the kind of policy I have been implementing.

Would you be interested in encouraging immigration in order to reverse the population decline?

First of all, Japan is responding to its declining population through the child and child-rearing policies I mentioned earlier, as well as through digitalization and other measures. And at the same time, it is very important to create a system in which motivated and energetic elderly people and, above all, women can play an active role in Japan’s society and economy through reforms of work styles and other measures.

But having done that, there is still a labor shortage and shortage of workers, and we must consider inviting highly capable workers from outside of Japan to

be active in the Japanese society and economy. In the current Diet (national legislature) session, we are discussing the amendment of the law in order to create a new system to have motivated people from overseas work in Japan. For highly capable and motivated workers to be invited into Japan to provide support to Japanese society is what we would like to enable.

But there are different, diverse views in terms of immigration in Japanese society. There are still some in Japanese society who are resistant to the idea of continuous, indefinite immigration of labor from overseas. So, we are considering a way of inviting foreign nationals to come to Japan in the form I have just described by establishing a set of rules, though not a full-fledged immigration concept.

TERRITORIAL BATTLE
 Japan’s Yonaguni Island, below, is close to the Senkaku Islands, disputed with China, posing a test to Japan’s military, bottom.



FROM LEFT: CHIP SOMODEVILLA/GETTY; CARL COURT/GETTY; YUICHI YAMAZAKI/AFP/GETTY

How do you help Japanese manufacturers keep their edge against global competition, especially from Korean and Chinese brands? Is automation being adopted quickly enough in Japan and have Japanese automakers been too slow to invest in electric vehicles?

Our country is competing not only with China and South Korea, but also with companies from all over the world, including developed countries. Now, my economic policy is to use social challenges including climate change and population decrease as an engine for economic growth in the long run. That is to say, public sector, private sector working together in solving these social challenges and turning them into a growth engine. From that



GREEN DRIVE

Top to bottom: CEO Makoto Uchida's Nissan Motor Co. is among Japanese car firms responding to the rapid shift to EVs; and Kishida and wife Yuko arrive in North Carolina, where a factory is being built to produce batteries for Toyota's EVs.



perspective, we are investing in what we call GX (green transformation) and DX (digital transformation), with particular emphasis on these areas.

Regarding GX, we will provide bold, upfront investment support on the scale of 20 trillion yen [\$129 billion] and hope to realize GX investment of more than 150 trillion yen [\$964 billion] over the next 10 years through private-public initiatives.

In the area of DX, for example, in the area of semiconductors, we set aside about 2 trillion yen [\$13 billion] of support. At the recent Japan-U.S. summit meeting the other day, we agreed to strengthen cooperation in the area of increasing resilience of supply chains and work together from the economic security perspective.

Now, when the population is declining, it is very important to increase productivity. In Japan, we put together a domestic investment promotion package in order to provide intensive support for large-scale investments in strategic areas and support SMEs (small and medium enterprises) in labor-saving investment.

As you pointed out, with regard to EVs, we are seeing a rapid shift to EVs, and Japanese manufacturers are responding to the situation with a sense of urgency. Earlier, I mentioned that I visited North Carolina during my visit to the United States. In North Carolina, a huge factory is now being built to produce batteries for Toyota's EVs. So, in this way, Japanese manufacturers are making strategic investments in the electric vehicles area as well.

Going forward toward the realization of carbon neutrality in 2050, while maintaining "a variety of options" as our basic strategy, we would like to continue to maintain and strengthen the competitiveness of Japanese companies by providing comprehensive support for EV purchase subsidies, recharging infrastructure development, strengthening the domestic manufacturing base for storage batteries and securing upstream resources, in order to "win also in EVs."

Prices are rising again. The Bank of Japan is raising borrowing costs for the first time in 17 years and the Nikkei 225 has finally topped its 1989 peak. You say Japan has a historic opportunity to exit deflation. What needs to happen for your country to seize this opportunity? And what are the risks that your administration worries about if it does not succeed?



FROM LEFT: TOP: TOMOHIRO OHSUMI/GETTY; THE ASAHI SHIMBUN/GETTY; JAMES MATSUMOTO/SOPA IMAGES/LIGHT ROCKET/GETTY

“High prices are a **MAJOR** issue today, and there are uncertainties. However, I believe it is **IMPORTANT** to implement policies to firmly raise disposable income.”

Price hikes are now a very big issue in our country. We feel strongly that it is important to raise wages more than price hikes. That is why the government is now mobilizing all possible policies to raise wages, reduce income and inhabitant taxes this June and launch a new tax-exemption system for individual investments called NISA (Nippon Individual Savings Account) in January this year. The NISA system has been launched to redirect the financial assets of households, which are said to amount to 2,200 trillion yen [\$14 trillion], to corporate investments.

By having the value increase for companies, then the benefits can be returned to households, which will help create a virtuous cycle that will lead to consumption and investment again. I believe that it is first important to achieve disposable income that exceeds prices by mobilizing all of these policies.

ECONOMIC BOOST
Shinsaibashi shopping district in Osaka. Kishida hopes his policies will increase disposable income, consumption and investment.

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Although monetary policy itself is obviously decided by the BOJ [Bank of Japan], we hope that the BOJ will pursue monetary policy while keeping in mind the various policies of the government, through good communication between the government and the BOJ. It is important that a virtuous cycle in the Japanese economy can be established in Japan toward next year, by so doing.

High prices are a major issue today, and there are uncertainties such as the weak yen or the situation in the Middle East. So, it is difficult to be optimistic. However, I believe that it is important to implement policies to firmly raise disposable income, including the wage increases I just mentioned, while minimizing the impact of price increase[s] as much as possible, in order to protect the lives of the people and the future of the Japanese economy. ■